

MOOKGOPHONG LOCAL MUNICIPALITY



**ANNUAL FINANCIAL STATEMENTS
2009/2010**

Annual Financial Statements

for

MOOKGOPHONG LOCAL MUNICIPALITY

for the year ended 30 June 2010

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	M J Kgatla
Name of Chief Financial Officer:	D A Masengana
Contact telephone number:	014 743 6600
Contact e-mail address:	masenganad@live.com
Name of contact at provincial treasury:	S. Mulenga
Contact telephone number:	015 291 8560
Contact e-mail address:	mulengas@treasury.limpopo.gov.za
Name of relevant Auditor:	Mr G. Odendaal
Contact telephone number:	015 299 4400
Contact e-mail address:	godendaal@agsa.co.za
Name of contact at National Treasury:	Jan Hattingh
Contact telephone number:	012 315 5009
Contact e-mail address:	jan.hattingh@treasury.gov.za

MOOKGOPHONG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2010

General Information

Members of the Council

KS Lamola	Mayor
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NS Monyamane V Rothman CA Pretorius MR Kekana RE Kgosana L Seanego CJ Espach	Members
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Municipal Manager

M J Kgatla

Chief Financial Officer

D A Masengana

Grading of Local Authority

2

Auditors

Auditor-General

Bankers

ABSA

MOOKGOPHONG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2010

General information (continued)

Registered Office:	Municipal Offices
Physical address:	Nelson Mandela Drive Naboomspruit 0560
Postal address:	Private Bag X340 Naboomspruit 0560
Telephone number:	014 743 6600
Fax number:	014 743 2434
E-mail address:	masenganad@live.com

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M J Kgatla
MUNICIPAL MANAGER

DATE

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MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

		2010	2009
	Note	R	R
ASSETS			
Current assets			
Cash and cash equivalents	2	(935 630)	119 270
Consumer debtors	3	9 355 659	8 834 743
Other receivables	4	5 086 979	6 294 413
Inventories	5	2 026 480	1 350 492
Investments	6	20 150 166	39 049 566
Current portion of loans and receivables	8	-	0
Non-current assets			
Property, plant & equipment	7	106 099 201	86 136 652
Loans and receivables	8	-	0
Total assets		<u>141 782 855</u>	<u>141 785 136</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	15 261 365	7 200 592
Provisions	10	406 000	371 226
Consumer deposits	11	2 607 269	2 474 490
Unspent conditional grants and receipts	12	9 909 773	5 776 456
Current portion of finance lease obligation	13	193 136	177 247
Non-current liabilities			
Finance lease liability	13	262 337	19 037
Total liabilities		<u>28 639 879</u>	<u>16 019 049</u>
		<u>113 142 976</u>	<u>125 766 087</u>
Net Assets			
Accumulated surplus/(deficit)		113 142 976	125 766 088
		<u>113 142 976</u>	<u>125 766 088</u>

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
REVENUE			
Property rates	14	16 165 467	10 872 968
Service charges	15	39 381 822	29 705 933
Rental of facilities and equipment		89 600	168 433
Investment Revenue – external investments	18	2 326 900	6 814 264
Interest earned – outstanding debtors		1 180 592	1 295 690
Fines		58 176	70 522
Income from agency services		6 948 350	1 935 864
Government grants and subsidies received - operating	16	17 008 625	13 902 088
Government grants and subsidies received - capital	16	13 510 488	10 205 265
Public contributions, donated and contributed property, plant and equipment	17	50 603	35 422.000
Other income	19	1 390 276	1 090 240
Total Revenue		98 110 899	76 096 688
EXPENDITURE			
Employee related costs	20	30 914 001	22 660 110
Remuneration of councillors	21	1 778 638	1 662 271
Bad debts		7 067 492	3 427 042
Depreciation		6 743 433	5 687 610
Finance costs		49 442	
Repairs and maintenance		3 053 299	3 127 102
Bulk purchases	22	19 091 289	13 598 849
General expenses	23	37 541 636	22 844 811
Other Expenses			0
Loss on disposal of assets and liabilities		71 113	0
Total Expenditure		106 310 343	73 007 796
NET SURPLUS/(DEFICIT) FOR THE YEAR		(8 199 444)	3 088 892

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Donations & Public contributions	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R
Balance at 1 July 2008	3 089 886	30 892 706	689 248	14 252 790	73 456 792	122 381 422	122 381 422
Net surplus for the year					3 088 891	3 088 891	3 088 891
Adjustments					295 775.4	295 775.4	295 775
Property, plant and equipment purchased							-
Assets for capital replacement reserve						-	0
Capital grants used to purchase PPE				11 071 712	(11 071 712)	-	-
Donated/contributed PPE	35 422				(35 422)	-	-
Offsetting of depreciation	(104 693)		(111 629)	(87 795)	304 117	-	-
Balance at 30 June 2009	3 020 615	30 892 706	577 619	25 236 707	66 038 442	125 766 088	125 766 088
Correction of prior period error (note 24)					(3 516 597)	(3 516 597)	(3 516 597)
Restated balance	3 020 615	30 892 706	577 619	25 236 707	62 521 845	122 249 491	122 249 491
Net surplus for the year					(8 199 444)	(8 199 444)	(8 199 444)
Previous years adjustments					(907 071)	(907 071)	(907 071)
Transfer to CRR							-
Property, plant and equipment purchased					-		-
Capital grants used to purchase PPE				13 360 265	(13 360 265)	-	-
Donated/contributed PPE	30 000				(30 000)	-	-
Offsetting of depreciation	(111 195)		(93 860)	(1 673 496)	1 878 551	-	-
Balance at 30 June 2010	2 939 420	30 892 706	483 759	36 923 476	41 903 616	113 142 976	113 142 976

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		121 635 644	64 212 670
Cash paid to suppliers and employees		(117 379 495)	(69 385 689)
Cash generated from / (utilized in) operations	25	4 256 149	(5 173 019)
Interest paid		(49 442)	
Interest received		2 326 900	6 814 264
Net cash from operating activities		6 533 607	1 641 245
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26 204 305)	(16 849 493)
(Increase)/decrease in non-current receivables		0	1 798 511
(Increase)/decrease in current investments		18 899 400	9 627 434
Net cash used in investing activities		(7 304 905)	(5 423 548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(283 602)	(156 494)
Net cash used in financing activities		(283 602)	(3 782 303)
Increase/(decrease) in cash and cash equivalents		(1 054 900)	(3 938 797)
Cash and cash equivalents at beginning of the year		119 270	4 058 067
Cash and cash equivalents at end of the year		(935 630)	119 270

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003), prescribed by the Minister of

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 Of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.4 RESERVES

1.4.1 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account or investment account and can only be used to finance items of property, plant and equipment. The transfer is done in terms of a council resolution (Number... dated...). The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.4.2 Capitalisation Reserve

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from the Capitalisation Reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.3 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.4 RESERVES (cont)

1.4.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.5 Revaluation Reserve

(If Realised through use)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

(If Realised on disposal)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.4.6 Mark-to-Market Reserve

Gains and losses arising from available-for-sale financial assets are recognised in equity and not the statement of financial performance except for impairment losses and foreign exchange gains and losses until the asset is derecognised. On derecognition the cumulative gains or losses previously recognised in equity shall be transferred to the statement of financial performance as a reclassification adjustment. Gains and losses from interest calculated using the effective interest method, as well as dividends from available-for-sale equity instruments are excluded from these gains and losses.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Initial recognition

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1.5.2 Subsequent measurement - revaluation model (land and buildings)

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only. All other items of property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient regularity, but at least every three to five years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

1.5.3 Subsequent measurement - cost model

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.5 PROPERTY, PLANT & EQUIPMENT (cont)

1.5.4 Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<i>Infrastructure Assets</i>	<u>Years</u>
Roads, pavements, bridges and storm	30
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-30
Sewerage purification and reticulation	15-30
Housing	30
Refuse sites	15
 <i>Community Assets</i>	 <u>Years</u>
Parks and gardens	30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	20-30
Clinics	30
Fire services	30
Cemeteries	30
 <i>Other Assets</i>	 <u>Years</u>
Motor vehicles	5
Plant and equipment	2-10
Buildings	30
IT equipment	3-5
Office equipment	3-7
Specialised vehicles	10

Heritage assets

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

On complying with Directive 4 the Municipality is entitled to take advantage of the GAMAP transitional provisions on Property, Plant and equipment until they expire, which is the financial year 2009/2010 for Low capacity Municipalities. As a result both measurement and disclosure requirements of GRAP 17 need not be complied with.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Goodwill (negative goodwill) arises on the acquisition of associates and joint ventures.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in the statement of financial performance as incurred.

1.6.1 Licences

Licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

1.6.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairments of Non-financial assets

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

A servitude will only become impaired if the line to which the servitude is linked is derecognised. In practice a derecognised line will be refurbished or replaced by a new line. The likelihood of the impairment of a servitude right is remote.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.7 IMPAIRMENT OF FINANCIAL ASSETS (cont)

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, any cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when the carrying amount of the asset or disposal group is to be recovered principally through a sale transaction rather than through continuing use.

Immediately before the classification of the asset or disposal group as held for sale, the carrying amount of the assets, or the assets and liabilities in the disposal group, are measured in accordance with applicable GRAP standards. Subsequently the asset or disposal group is measured at the lower of its carrying amount and fair value less cost to sell, with any adjustment recorded in the statement of financial performance.

1.9 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on the remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.9 LEASES (cont)

The Municipality as Lessor

Amounts due from lessee under finance leases are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the cost of the asset is recognised as unearned finance income. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

1.10 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.10.1 FINANCIAL ASSETS

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.10.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.10 FINANCIAL INSTRUMENTS

1.10.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.10.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.10.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.10 FINANCIAL INSTRUMENTS (cont)

1.10.2 FINANCIAL LIABILITIES

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.10.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.10.2.2 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.11 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.14 EMPLOYEE BENEFITS

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the

1.14.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.14.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.15 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Sale of goods

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.15.2 Revenue from non-exchange transactions

Fines

Revenue from fines is recognised when payment is received.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.15.3 Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

1.15.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.16 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	5 610	16 685
Cash at bank	(941 240)	102 584
Call deposits		
	<u><u>(935 630)</u></u>	<u><u>119 270</u></u>

The municipality has the following bank account:

Current account (primary bank account)

Bank: ABSA

Account number: 1080570097

Bank statement balance at beginning of year	5 626 364	9 899 519
Bank statement balance at end of year	<u><u>3 188 909</u></u>	<u><u>5 626 364</u></u>
Cash book balance at beginning of year	(1 570 421)	4 052 407
Cash book balance at end of year	<u><u>(941 359)</u></u>	<u><u>(1 570 421)</u></u>

	Gross Balances	Provision for Doubtful Debts	Net Balance
3. CONSUMER DEBTORS			
30 June '2010			
Service debtors			
Rates	7 212 124	(6 337 759)	874 365
Electricity	13 497 803	(7 766 881)	5 730 922
Water	3 074 494	(1 878 047)	1 196 447
Sewerage	1 867 695	(1 135 599)	732 096
Refuse	1 117 728	(545 081)	572 647
Other	1 826 771	(1 577 589)	249 182
Total	<u><u>28 596 615</u></u>	<u><u>(19 240 956)</u></u>	<u><u>9 355 659</u></u>
30 June 2009			
Service debtors			
Rates	4 480 946	(2 217 689)	2 263 257
Electricity	6 632 685	(3 282 618)	3 350 067
Water	1 810 716	(896 151)	914 565
Sewerage	1 809 249	(895 425)	913 824
Refuse	883 907	(437 459)	446 448
Other	1 874 107	(927 525)	946 582
Total	<u><u>17 491 610</u></u>	<u><u>(8 656 867)</u></u>	<u><u>8 834 743</u></u>
<u>Rates: Ageing</u>			
Current (0 – 30 days)		440 335	1 455 443
31 - 60 Days		480 170	395 800
61 - 90 Days		421 330	379 560
91 - 120 Days		457 305	371 653
+ 120 Days		5 468 694	1 878 489
Total		<u><u>7 267 834</u></u>	<u><u>4 480 945</u></u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
3. CONSUMER DEBTORS (cont)		
<u>Electricity, Water and Sewerage: Ageing</u>		
Current (0 – 30 days)	3 327 999	6 800 504
31 - 60 Days	1 811 682	1 001 704
61 - 90 Days	1 425 671	751 582
91 - 120 Days	1 059 275	1 480 196
+ 120 Days	10 798 772	(414 910)
Total	18 423 399	9 619 076
<u>Refuse and Other Ageing</u>		
Current (0 – 30 days)	296 561	411 963
31 - 60 Days	124 133	91 126
61 - 90 Days	106 644	63 844
91 - 120 Days	71 538	58 554
+ 120 Days	2 084 999	2 132 427
Total	2 683 875	2 757 914
Consumer debtors per category		
Government	3 060 609	2 857 351
Business	10 866 117	4 764 929
Individuals	10 931 788	9 234 365
Other	3 738 100	1 292
	28 596 615	16 857 937
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	12 173 465	5 229 826
Contributions to provision	7 067 491	3 427 042
Doubtful debts written off against provision		3 516 597
Reversal of provision		
Balance at end of year	19 240 956	12 173 465
The bad debt provision is calculated per debtor by calculating the payment ratio on a yearly basis and where the payment rate is less than 90% all debts above 30 days is provided for.		
4. OTHER RECEIVABLES		
Investment Interest	657 803	2 586 841
New Republic Bank	390 558	390 558
Other deposits	41 685	21 083
SARS - VAT input	3 777 157	1 913 223
Other	219 776	1 382 709
Total Other Receivables	5 086 979	6 294 413
5. INVENTORIES		
Opening balance of inventories:		
Consumable stores - at cost	1 350 492	806 920
Additions:		
Consumable stores	4 828 058	1 780 679
Issued/sold (expensed):		
Consumable stores	(4 152 070)	(1 237 107)
Writeoff		
Closing balance of inventories:		
Consumable stores	2 026 480	1 350 492
6. INVESTMENT		
Current investments	20 150 166	39 049 566
	20 150 166	39 049 566

MOOKGOPONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 30 JUNE 2010

7. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings R	Infrastructure R	Community Assets R	Other Assets R	Total R
Carrying values at 1 July 2009	5 893 662	66 719 094	7 541 136	5 982 760	86 136 652
Cost	6 378 862	81 920 218	8 670 562	19 940 409	116 910 051
Accumulated depreciation – cost	(485 200)	(15 201 124)	(1 129 426)	(13 957 649)	(30 773 399)
Acquisitions	1 132 228.7	9 550 322.9	661 691	3 110 068	14 454 310
Capital under construction	6 762 426	5 670 359	-	-	12 432 785
Depreciation – based on cost	(105 286)	(4 149 453)	(316 290)	(2 172 404)	(6 743 433)
Cost of Disposals					0
Carrying value of disposals				181 113	181 113
Cost				306 453	306 453
Accumulated depreciation				125 340	125 340
Carrying values at 30 June 2010	13 683 031	77 790 322	7 886 537	6 739 311	106 099 201
Cost	14 273 517	97 140 899	9 332 253	22 744 024	143 490 693
Accumulated depreciation – cost	(590 486)	(19 350 577)	(1 445 716)	(16 004 713)	(37 391 492)

Carrying values at 30 June 2009	13 897 832	58 714 924	7 541 136	5 982 760	86 136 652
Cost	14 420 059	73 879 021	8 670 562	19 940 409	116 910 051
Accumulated depreciation – cost	(522 227)	(15 164 097)	(1 129 426)	(13 957 649)	(30 773 399)

The Municipality has taken advantage of Property, Plant and Equipment transitional provisions of paragraphs .75 and .78 of Directive 4 of February 2008

The Municipality is in the process of itemising immovable assets and at present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of asset, using global historical costs recorded in the accounting records.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
8. LOANS AND RECEIVABLES		
Investment New Republic Bank		
Motor car loans	0	0
Stand Loans		0
Deposit - electricity		0
Other debtors		
	<u>0</u>	<u>0</u>
Less: current portion transferred to current receivables		0
Motor car loans	0	0
Stand Loans	0	
Deposit - electricity	0	0
	<u>-</u>	<u>0</u>
Motor car loans		
Senior staff were previously entitled to car loans which attract different interest rates and is repayable over a maximum period of 5 years. These loans are fully repaid.		
9. TRADE AND OTHER PAYABLES		
Trade creditors	4 688 738	1 573 297
Payments received in advance	5 093 458	1 559 798
Staff leave	3 441 232	2 366 261
Retentions	1 509 298	1 509 298
Electric connection deposits	33 741	
Other (specify)	494 898	191 937
Total Trade and Other Payables	<u>15 261 365</u>	<u>7 200 592</u>
10. PROVISION		
Performance bonuses	<u>406 000</u>	<u>371 226</u>
Balance at beginning of year	371 226	67 200
Contributions to provision	34 774	304 026
Expenditure incurred		
Balance at end of year	<u>406 000</u>	<u>371 226</u>
11. CONSUMER DEPOSITS		
Water and electricity	<u>2 607 269</u>	<u>2 474 490</u>
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	<u>135 250</u>	<u>130 250</u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>Conditional Grants from other spheres of Government</i>		
Finance Management Grant		-
Transitional grant		-
Municipal Infrastructure Grant	6 847 400	506 392
Housing Grant	2 901 261	5 148 757
Drought Relief	-	55 580
WDM	61 112	61 112
Municipal Systems Improvement Grant	-	4 615
Integrated National Electrification Programme (INEP)	100 000	
Total Conditional Grants and Receipts	9 909 773	5 776 456

See note 16 for the reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilised.

13. FINANCE LEASE LIABILITY

	Minimum lease payment	Future finance charges	Present value of lease payments
30 June 2010			
Amounts payable under finance leases			
Within one year	231 166	38 030.00	193 136
Within two to five years	282 272	19 935	262 337
	513 438	57 965	455 473
Less: Amount due for settlement within 12 months (current portion)			(193 136)
			262 337
30 June 2009			
Amounts payable under finance leases			
Within one year	191 909	14 661.28	177 247
Within two to five years	19 462	424	19 037
	211 370	15 086	196 285
Less: Amount due for settlement within 12 months (current portion)			(177 247)
			19 037

The effective interest rate is between 12.5% and 13.5% and is repayable in 59 equal instalments of which the first was paid in September 2005. The last instalment is payable during June 2011.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
14. PROPERTY RATES		
Residential	6 635 923	8 163 416
Commercial	1 881 134	1 851 729
Agricultural	5 960 771	189 806
State	745 048	668 017
Municipal	24 541	
Other rates	918 050	
	16 165 467	10 872 968

VALUATIONS

Residential	1 597 670 555	58 574 018
Commercial	445 962 415	8 312 565
Agricultural	4 420 546 108	7 243 000
Municipal	8 524 150	41 000
State	110 415 550	2 632 500
Other	861 980 774	201 800
	7 445 099 552	77 004 883

Valuations on land and buildings are performed every four years. The new Valuation Roll was compiled in 2007 and was implemented with effect from 1 July 2009 in terms of the Municipality Property Rates Act of 2004. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The valuation roll was certified on 2 July 2008 by the municipal valuer.

15. SERVICE CHARGES		
Sale of electricity	28 171 742	19 802 136
Sale of water	4 502 147	3 620 573
Refuse removal	3 237 320	3 070 825
Sewerage and sanitation charges	3 470 613	3 212 399
	39 381 822	29 705 933

16. GOVERNMENT SUBSIDIES & GRANTS

Operating Grants

	17 008 625	13 902 088
Equitable share	14 784 029	11 440 589
Finance management Grant	750 000	1 080 780
Municipal Systems Improvement Grant	739 615	730 385
Fire Services subsidy	586 699	
Seta	92 702	
Other	55 580	650 335

Capital Grants

	13 510 488	10 205 265
Municipal Infrastructural Grant	6 642 992	9 852 953
Housing Grant	2 247 496	
Integrated National Electrification programme (INEP)	4 620 000	
Welgevonden pipeline		352 312

Total Government Grants & Subsidies

30 519 113	24 107 353
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MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
16. GOVERNMENT SUBSIDIES & GRANTS (cont)		
16.1 <i>Equitable Share</i> In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and for the running of operations within municipality		
16.2 <i>LED</i> Balance unspent at beginning of year	-	0
Current year receipts	-	-
Conditions met – transferred to revenue	-	0
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was used to employ LED officers.		
16.3 <i>Transitional Grant</i> Balance unspent at beginning of year	0	5 996
Current year receipts	-	-
Conditions met – transferred to revenue	0	(5 996)
Unspent amount transferred to liabilities	<u>-</u>	<u>0</u>
The grant was utilised to finance the upgrade on the financial system.		
16.4 <i>Finance Management Grant</i> Balance unspent at beginning of year		80 780
Current year receipts	750 000	1 000 000
Conditions met – transferred to revenue	(750 000)	(1 080 780)
Unspent amount transferred to liabilities (see note 12)	<u>-</u>	<u>0</u>
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
16.5 <i>Municipal Systems Improvement Grant</i> Balance unspent at beginning of year	4 615.0	-
Current year receipts	735 000	735 000
Conditions met – transferred to revenue	(739 615)	(730 385)
Unspent amount transferred to liabilities (see note 12)	<u>-</u>	<u>4 615.0</u>
The purpose of the grant is for institutional systems.		
16.6 <i>INEP Grant</i> Balance unspent at beginning of year	-	0
Current year receipts	4 720 000.0	0
Conditions met – transferred to revenue	-4 620 000.0	0
Unspent amount transferred to liabilities	<u>100 000.0</u>	<u>-</u>
The grant was utilised for the integrated electrification programme. The conditions of the grant were met.		
16.7 <i>Housing Grant</i> Balance unspent at beginning of year	5 148 757	5 149 577
Current year receipts	-	-
Conditions met – transferred to revenue	(2 247 496)	(820)
Unspent amount transferred to liabilities	<u>2 901 261</u>	<u>5 148 757</u>
The grant was utilised for the erection of RDP houses. The conditions of the grant were met.		
16.8 <i>Lotto Grant</i> Balance unspent at beginning of year	-	0
Current year receipts	-	-
Conditions met – transferred to revenue	-	0
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised for the upgrading of stadiums. The conditions of the grant were met.		

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
16. GOVERNMENT SUBSIDIES & GRANTS (cont)		
16.9 Valuation Roll Grant		
Balance unspent at beginning of year	-	0
Current year receipts	-	-
Conditions met – transferred to revenue	-	0
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised for the preparation of valuation roll		
16.10 Welgevonden Pipeline		
Balance unspent at beginning of year	61 112	413 424
Current year receipts		-
Conditions met – transferred to revenue		-352 311.6
Unspent amount transferred to liabilities (see note 12)	<u>61 112</u>	<u>61 112</u>
The grant is used for the pipeline project.		
16.11 Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	506 392	5 059 345
Current year receipts	12 984 000	5 300 000
Conditions met – transferred to revenue	(6 642 992)	(9 852 953)
Unspent amount transferred to liabilities (see note 12)	<u>6 847 400</u>	<u>506 392</u>
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met.		
16.12 Drought relief Grant		
Balance unspent at beginning of year	55 580	700 000.0
Current year receipts	-	0
Conditions met – transferred to revenue	(55 580)	-644 419.8
Unspent amount transferred to liabilities (see note 12)	<u>0</u>	<u>55 580</u>
16.13 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
17. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT		
Dyna bus donated by Naboom home for the aged	30 000	
Electricity Deposit for Thusang donated By WDM	20 603	
Server Equipment donated by WDM		35 422.0
Total	<u>50 603</u>	<u>35 422</u>
18. INVESTMENT REVENUE - EXTERNAL INVESTMENTS		
Interest on investments	2 326 900	6 814 264
	<u>2 326 900</u>	<u>6 814 264</u>
19. OTHER INCOME		
Fire fighting	-	282 750
Connection and reconnection fees	29 668	62 529
Sundry	1 096 778	744 961
Insurance claims and funeral monies	263 830	
Total Other Income	<u>1 390 276</u>	<u>1 090 240</u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
20. EMPLOYEE RELATED COSTS		
Employee related cost - Salaries and wages	15 863 222	14 620 768
Employee related cost - Social contributions	4 769 927	3 627 577
Travel, motor car, accommodation & other allowances	2 915 299	1 885 484
Housing benefits and allowances	395 831	556 754
Overtime benefits	2 890 987	2 059 495
Leave provision	1 074 971	(89 967)
	<u><u>27 910 237</u></u>	<u><u>22 660 110</u></u>

There were no advances paid to employees.

Municipal Manager

Annual remuneration	591 707	534 500
Allowances	158 240	130 900
	<u><u>749 947</u></u>	<u><u>665 400</u></u>

Chief Financial Officer

Annual remuneration	351 480	301 878
Performance bonus		
Allowances	119 728	133 848
Council Contributions	86 304	
	<u><u>557 512</u></u>	<u><u>435 726</u></u>

**Remuneration of Section 57 Managers
30 June 2010**

	Technical Services	Corporate Services	Social Services
Annual remuneration	457 028	343 829	412 009
Allowances	134 876	131 637	128 381
Council Contributions		88 545	
	<u><u>591 904</u></u>	<u><u>564 011</u></u>	<u><u>540 390</u></u>

**Remuneration of Section 57 Managers
30 June 2009**

	Technical Services	Corporate Services	Social Services
Annual remuneration	372 568	302 282	372 568
Performance bonus			
Allowances	121 492	113 045	111 375
Council Contributions			
	<u><u>494 060</u></u>	<u><u>415 327</u></u>	<u><u>483 943</u></u>

No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.

21. REMUNERATION OF COUNCILLORS

Mayor	485 943	454 154
Councillors	884 481	842 947
Councillors allowances	408 214	365 169
	<u><u>1 778 638</u></u>	<u><u>1 662 271</u></u>

The Mayor and the Chief Whip are full time. They both have an office in the Municipal building.

The Mayor has use of a Council owned vehicle for official duties. Both are provided with office and secretarial support at the cost of Council.

22. BULK PURCHASES

Electricity	19 058 933	13 578 124
Water	32 356	20 726
	<u><u>19 091 289</u></u>	<u><u>13 598 849</u></u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
23. GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	144 765	225 485
Bank costs	150 536	112 832
Books and magazines	42 192	41 938
LED expenditure	83 730	318 044
Contribution to research	-	132 979
Capacity Building	721 033	772 095
Chemicals	157 853	136 731
Communication	375 146	744 771
Employment Equity Plan		8 717
Printing and stationery	447 967	323 880
Indigent subsidy	4 441 062	5 436 063
Electricity	206 869	251 820
IDP review and implementation	224 576	308 015
Support and donations		18 000
PMS implementation	145 097	405 489
Wood Cutting Project-Grant in aid.	500 000	0
Rental photocopiers	63 303	113 503
Rental landfill site	160 000	4 030
Rental equipment	314 548	279 134
Conferences and congresses	615 965	378 027
Inspection of Equipment	-	76 000
Children's programs	85 199	43 802
Membership fees	128 603	101 828
Elderly programmes	16 704	26 327
Material and stock	524 121	407 208
Gender - woman	179 545	171 811
Meter Readings	-	6 571
Manufacturing of Bricks-Grant in aid.	500 000	0
Disabled/Aids	148 160	95 705
Sample analysis	-	0
Entertainment	118 583	55 830
Entertainment Municipal Manager	13 972	14 781
Youth	193 700	307 530
Skills development	283 697	0
Audit fees	1 460 134	1 294 914
Mayor's inauguration	-	0
Audit Committee	259 534	70 947
Postage	119 465	92 804
Legal fees	975 266	1 050 309
Sport	165 679	114 017
Computer rental	580 371	601 217
Indigent discount	141 887	0
Sewer	479	0
Security	643 303	511 930
Pensioner discount	153 605	0
Telephone	844 934	689 971
Cellphone	444 625	219 990
Insurance consolidated	975 022	817 522
Admin Cost	-	123 911
Refreshments Council	83 419	48 947
Refreshments Committee	52 901	61 747
Municipal vehicle cost	3 269 246	2 407 990
FMG expenditure	369 203	386 629
Transport AD- HOC	144 754	492 556
Discretionary fund ;inte	397 173	0
Valuation roll	398 200	909 315
Water	53 350	
Department of transport refund	2 956 737	0
Municipal Support Grant	997 795	371 329
Spatial Development	-	0
Debt collectors payment	470 626	0
New ratable stands rebates	4 654 580	0
Residential stands rebates	569 894	0
Rates tarriiff rebates	684 702	0
Cleaning Campaign	1 528 289	
Christmas food parcels for the aged	196 000	
Rebuilding of Collapsed RDP Houses	179 959	

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Licences payment to pro	106 792	0
100 year centenary celebration	152 500	0
Naboom home for aged -grant in aid	235 798	0
Other	2 288 486	1 259 819
	<u>37 541 636</u>	<u>22 844 811</u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
24. CORRECTION OF PRIOR PERIOD ERRORS		
24.1 During the year ended 30 June 2009, the provision for bad debts was understated.		
The comparative amount has been restated as follows:		
Provision for bad debts (increase)		(3 516 597)
Net effect on surplus/(deficit) for the year		(3 516 597)
25. CASH GENERATED FROM/(UTILISED IN) OPERATIONS		
Net surplus for the year	(8 199 444)	3 088 891
Adjustment for:		
Prior adjustments	(907 071)	295 776
Depreciation charges	6 743 433	5 687 610
Contributions to provisions	1 109 745	304 026
Loss on sale of assets	71 113	
Donation	(30 000)	
Debt impairment	7 067 492	3 427 042
Interest received	(2 326 900)	(6 814 264)
Interest paid	49 442.00	-
Operating surplus before working capital changes	3 577 810	5 989 081
(Increase)/decrease in inventories	(675 988)	(543 571)
(Increase)/decrease in other receivables	1 207 434	(2 791 228)
(Increase)/decrease in consumer debtors	(11 105 005)	(3 981 536)
Increase/(decrease) in conditional grants	4 133 317	(5 632 584)
Increase/(decrease) in trade payables	6 985 802	1 722 412
Increase/(decrease) in consumer deposits	132 779	64 407
(Increase)/decrease in investment deposits		
Net cash from operating activities	4 256 149	(5 173 019)
26. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003		
26.1 Contributions to organised local government		
Opening balance		-
Council subscriptions	129 870	82 938
Amount paid - current	129 870	82 938
Amount paid - previous years		-
Balance unpaid (included in payables)	-	-
26.2 Audit Fees		
Opening balance	11 664	-
Current year audit fee	1 448 470	1 294 914
Amount paid - current year	1 460 134	1 283 249
Amount paid - previous years	-	-
Balance unpaid (included in payables)	0	11 664

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
26. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (cont)		
26.3 VAT		
VAT is payable on the payment basis. VAT input receivables and VAT output receivable are shown in notes 4. All VAT returns have been submitted by the due date throughout the year.		
26.4 Pay as You Earn (PAYE) & UIF		
Opening balance	-	-
Current year payroll deductions	3 146 607	2 557 852
Amount paid - current year	3 146 607	2 557 852
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
26.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4 482 219	4 918 297
Amount paid - current year	4 482 219	4 918 297
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
27. COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	<u>7 987 738</u>	<u>8 974 447</u>
The expenditure will be financed from:		
- Capital Replacement Reserve		4 491 673
- Government Grants		4 482 774
	<u>0</u>	<u>8 974 447</u>
28. CONTINGENT LIABILITIES		
28.1 MISCONDUCT (KN Mathivha)		
Ongoing, the case will sit on the 28th and 29th of September 2010 for hearing. The expected legal costs will be high as the case is being prolonged.		
28.2 MISCONDUCT/MM089RM MATHABATHA		
The ruling was on her side, municipality appealed.		
She was suspended from duty with full pay on the 15/4/2009 to 15/08/2009.salaries during the suspension is R8 498.55.		
APPLICATION FOR DEVELOPMENT(EUPHORIA GHOLF ESTATE).		
28.3		
Ongoing. The matter is regarding the provision of bulk services of the Municipality which the Municipality is unable to meet due to shortage of bulk services and the municipal moratorium on land development. The matter was held on 29 August 2010 and is now waiting for Tribunal award.		
28.4 MISCONDUCT/LPD(SCHUTTE JA)		
Ongoing. Legal costs depends on the nature of the case and consultation fee by the legal firm. The case will sit on 25/10/2010 for hearing.		
28.5 MOOKGOPHONG MUNICIPALITY- JAMELA		
Awaiting award from Limpopo development tribunal.		
The legal rep still to claim for the representation, pending the duration of the matter.		

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	-	-
Fruitless and wasteful expenditure current year	-	155 690
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>155 690</u>

30 Post Balance Sheet Events

ASSETS DONATED BY WDM

WDM in it's council meeting on 12 July approved that all town planning be devolved to the respective local municipalities in terms of the requirements of the Demarcation Act, 2001. WDM has appointed Verveen Attorneys to finalise the transfer of the properties to the respective local municipalities. In terms of the Municipality structure Act, 2008 section 14(4)(a) & (b) no duty, fee or other charge is payable for transfer of these 41 properties in terms of a section 12 notice.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

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NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010

MOOKGOPHONG LOCAL MUNICIPALITY

**APPENDIX A
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance	Additions/ Transfers	Under Construction	Fair value adjustment	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value
	R	R	R		R	R	R	R	R		R
INFRASTRUCTURE	81 920 218	9 550 323	5 670 359	-	-	97 140 899	15 201 124	4 149 453	-	19 350 577	77 790 322
COMMUNITY ASSETS	8 670 562	661 691	-	-	-	9 332 253	1 129 426	316 290	-	1 445 716	7 886 537
OTHER ASSETS	26 319 271	4 242 297	6 762 426		306 453	37 017 542	14 442 848	2 277 691	125 340	16 595 199	20 422 342
Other motor vehicles	10 816 352	487 895	-	-	306 453	10 997 794	7 610 244	1 026 534	125 340	8 511 438	2 486 356
Machinery and Equipment	2 521 660	1 154 736	-	-	-	3 676 395	1 842 409	304 589	-	2 146 997	1 529 398
Office equipment	1 979 877	479 713	-	-	-	2 459 590	1 318 438	344 859	-	1 663 297	796 294
Furniture	2 796 353		-	-	-	2 796 353	2 144 685	138 649	-	2 283 334	513 019
Buildings	2 696 757	1 132 229	6 762 426	-	-	10 591 412	485 200	105 286	-	590 486	10 000 926
Land	3 682 105	-	-	-	-	3 682 105	-	-	-	-	3 682 105
Computer Equipment	1 826 167	987 725	-	-	-	2 813 892	1 041 874	357 775	-	1 399 648	1 414 244
TOTAL	116 910 051	14 454 311	12 432 785	-	306 453	143 490 694	30 773 398	6 743 433	125 340	37 391 492	106 099 201

MOOKGOPHONG LOCAL MUNICIPALITY

**APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

		HISTORICAL COST					ACCUMULATED DEPRECIATION					
		Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value	
		R	R		R	R	R	R	R	R	R	
EXECUTIVE COUNCIL		951 895	759 078	-	306 453	1 404 521	186 093	206 933	125 340	399 481	1 005 039	
0006	Council General	678 079	660 224	-	306 453	1 031 850	191 990	160 931	125 340	227 581	804 270	
0018	Management Services	273 816	98 854	-	-	372 670	125 898	46 003	-	171 901	200 770	
FINANCE & ADMINISTRATION		22 455 034	2 469 580	6 762 426	-	31 687 041	4 195 504	845 981	-	5 041 486	26 645 554	
0002	Assessment Rates	19 738	-	-	-	19 738	19 738	-	-	19 738	-	
0026	Corporate Services	2 323 219	943 463	-	-	3 266 682	1 628 846	327 990	-	1 956 835	1 309 847	
0028	Budget and Treasury	2 152 023	136 490	-	-	2 288 512	1 587 552	203 631	-	1 791 182	497 330	
0024	Meter Reading	-	-	-	-	-	-	-	-	-	-	
0032	Stores	48 740	2 028	-	-	50 768	48 696	804	-	49 501	1 268	
0042	Fixed Property	3 970 401	-	-	-	3 970 401	56 616	9 810	-	66 426	3 903 976	
0044	Municipal Buildings	13 940 913	1 387 600	6 762 426	-	22 090 939	854 058	303 747	-	1 157 804	20 933 134	
ROAD TRANSPORT		34 850 783	5 280 764	-	-	40 131 547	10 782 634	2 337 646	-	13 120 280	27 011 267	
0064	Licencing	819 122	85 645	-	-	904 767	285 595	63 245	-	348 841	555 926	
0020	Public Works administration	640 459	283 427	-	-	923 886	295 701	75 811	-	371 512	552 374	
0022	Public Works	33 391 202	4 911 692	-	-	38 302 894	10 201 337	2 198 590	-	12 399 927	25 902 966.96	
COMMUNITY & SOCIAL SERVICES		1 622 373	805 051	-	-	2 427 424	664 517	78 089	-	742 606	1 684 818	
0050	Libraries	440 304	249 548	-	-	689 852	402 708	29 245	-	431 953	257 899	
0048	Hostels	850 714	-	-	-	850 714	169 097	28 157	-	197 254	653 460	
0058	Cemeteries	331 355	555 503	-	-	886 858	92 712	20 687	-	113 399	773 458	
PUBLIC SAFETY		3 143 487	-	-	-	3 143 487	1 342 059	214 255	-	1 556 315	1 587 173	
0014&0016		6 252	-	-	-	6 252	6 137	115	-	6 252	0	
0046	Fire fighting	348 739	-	-	-	348 739	348 739	-	-	348 739	0	
0034	Traffic Services	2 788 497	-	-	-	2 788 497	987 183	214 141	-	1 201 324	1 587 173	
SPORT & RECREATION		4 402 312	475 928	-	-	4 878 240	1 129 422	232 713	-	1 362 136	3 516 105	
0052	Parks	1 397 719	25 521	-	-	1 423 241	531 936	101 707	-	633 643	789 597	
0056	Rest and services	1 175 013	-	-	-	1 175 013	235 217	39 167	-	274 384	900 629	
0053	Sport and recreation	1 829 580	450 407	-	-	2 279 987	362 269	91 839	-	454 108	1 825 878	
WASTE WATER MANAGEMENT		19 022 018	650 570	-	-	19 672 587	5 015 071	1 049 636	-	6 064 707	13 607 881	
0066	Sewerage	19 022 018	650 570	-	-	19 672 587	5 015 071	1 049 636	-	6 064 707	13 607 881	
WASTE MANAGEMENT		3 498 717	15 900	-	-	3 514 617	1 680 361	366 144	-	2 046 506	1 468 111	
0062	Cleansing	3 498 717	15 900	-	-	3 514 617	1 680 361	366 144	-	2 046 506	1 468 111	
WATER		19 730 857	2 814 258	-	-	22 545 115	3 835 753	1 016 033	-	4 851 786	17 693 329	
0088	Water	19 730 857	2 814 258	-	-	22 545 115	3 835 753	1 016 033	-	4 851 786	17 693 329	
ELECTRICITY		7 232 575	1 183 181	5 670 359	-	14 086 114	1 810 188	396 001	-	2 206 190	11 879 925	
0082	Electricity distribution	6 487 281	1 183 181	5 670 359	-	13 340 820	1 631 154	366 190	-	1 997 344	11 343 476	
0024	Street lighting	745 294	-	-	-	745 294	179 034	29 812	-	208 846	536 448	
TOTAL		116 910 051	14 454 310	12 432 785	306 453	143 490 694 #	30 641 603	6 743 433	125 340	37 391 492	106 099 201 #	

MOOKGOPHONG LOCAL MUNICIPALITY

**APPENDIX C
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)
R	R	R		R	R	R
6 503 109	15 203 513	(8 700 404)	EXECUTIVE COUNCIL	16 499 091	15 467 820	1 031 271
6 502 713	10 755 492	(4 252 779)	Council General	16 499 088	11 277 607	5 221 481
396	4 448 021	(4 447 625)	Management Services	3	4 190 213	(4 190 210)
21 314 549	15 652 739	5 661 810	FINANCE & ADMINISTRATION	20 873 934	30 894 501	(10 020 567)
10 873 098	936 994	9 936 105	Assessment Rates	16 165 467	6 610 201	9 555 266
	18 000	(18 000)	Grants		22 850	(22 850)
164 684	5 345 525	(5 180 841)	Corporate Services	169 188	5 582 635	(5 413 447)
10 118 052	7 424 187	2 693 865	Budget and Treasury	4 507 544	15 704 355	(11 196 811)
-	302 832	(302 832)	Meter Reading		419 821	(419 821)
27 994	205 821	(177 827)	Stores		716 843	(716 843)
17 852	10 602	7 250	Fixed Property	8 247	44 871	(36 624)
112 867	1 408 778	(1 295 911)	Municipal Buildings	23 488	1 792 925	(1 769 437)
11 839 766	7 091 148	4 748 618	ROAD TRANSPORT	15 900 317	13 049 861	2 850 456
1 967 130	1 612 943	354 187	Licencing	6 984 606	5 084 109	1 900 497
7 245	1 127 833	(1 120 588)	Public Works administration	2 271 213	1 934 703	336 510
9 865 391	4 350 372	5 515 019	Public Works	6 644 498	6 031 049	613 449
141 728	779 074	(637 346)	COMMUNITY & SOCIAL SERVICES	159 283	1 086 448	(927 165)
19 221	560 481	(541 260)	Libraries	26 762	716 825	(690 063)
38 807	33 342	5 465	Hostels	58 526	155 337	(96 811)
83 700	185 251	(101 551)	Cemeteries	73 995	214 286	(140 291)
348 286	1 451 270	(1 102 984)	PUBLIC SAFETY	646 565	2 210 638	(1 564 073)
-	-	-	Civil Protection	-	7 983	(7 983)
284 450	248 026	36 424	Fire fighting	589 029	223 330	365 699
63 836	1 203 244	(1 139 408)	Traffic Services	57 536	1 979 325	(1 921 789)
-	1 648 612	(1 648 612)	SPORT & RECREATION	219	2 226 366	(2 226 147)
-	1 538 852	(1 538 852)	Parks and Nursery	219	1 955 856	(1 955 637)
-	39 167	(39 167)	Rest and services	-	44 224	(44 224)
-	70 593	(70 593)	Sport and recreation	-	226 286	(226 286)
3 961 415	3 731 985	229 430	WASTE WATER MANAGEMENT			
			Sewerage	3 471 578	5 207 501	(1 735 923)
5 416 622	4 612 093	804 529	WASTE MANAGEMENT			
			Cleansing	3 237 320	5 314 505	(2 077 185)
5 519 214	4 612 093	907 121	WATER			
			Water	4 509 067	6 376 164	(1 867 097)
21 051 998	18 070 821	2 981 177	ELECTRICITY	32 813 525	24 476 539	8 336 986
-	154 448	(154 448)	Electricity distribution	32 813 525	24 103 865	8 709 660
			Street lighting		372 674	(372 674)
76 096 687	73 007 796	262 162	Total	98 110 899	106 310 343	(8 199 444)

MOOKGOPHONG LOCAL MUNICIPALITY

**APPENDIX D (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	16 165 467	13 552 675	2 612 792	19.28%	Budget understated
Service charges	39 381 822	36 029 900	3 351 922	9.30%	Budget amount for electricity understated
Rental of facilities and equipment	89 600	84 590	5 010	5.92%	
Interest earned – external investments	2 326 900	5 800 000	(3 473 100)	-59.88%	Budget overstated as investments were reduced.
Interest earned – outstanding debtors	1 180 592	1 200 000	(19 408)	-1.62%	
Fines	58 176	131 000	(72 824)	-55.59%	Budget overstated
Revenue for agency services	6 948 350	6 226 000	722 350	11.60%	Increased demand in licencing
Government grants & subsidies – operating	17 008 625	16 269 000	739 625	4.55%	
Government grants & subsidies – capital	13 510 488	0	13 510 488		
Public contributions, donated and contributed property, plant and equipment	50 603	0	50 603		
Other revenue	1 390 276	3 183 305	(1 793 029)	-56.33%	Budget overstated
Total Revenue	98 110 899	82 476 470	15 634 429	18.96%	
EXPENDITURE					
Employee related costs	30 914 001	26 674 440	4 239 561	15.89%	Budget understated
Remuneration of councillors	1 778 638	2 071 647	(293 009)	-14.14%	Ad-hoc subsistence & travelling
Bad debts	7 067 492.00		7 067 492	100.00%	Not budget for as they are provisions
Other	0		0	0.00%	
Depreciation	6 743 433	4 759 000	1 984 433	41.70%	Under-budgeting
Repairs & maintenance	3 053 299	3 110 310	(57 011)	-1.83%	
Finance costs	49 442		49 442	0.00%	
Bulk purchases	19 091 289	15 713 530	3 377 759	21.50%	Increase in Eskom tariffs
Grants & subsidies paid			0	0.00%	
General expenses	37 541 636	30 147 543	7 394 093	24.53%	Under-budgeting
Loss on disposal of assets	71 113	0	71 113		
Total Expenditure	106 310 343	82 476 470	23 833 873	28.90%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(8 199 444)	-	(8 199 444)		

MOOKGOPHONG LOCAL MUNICIPALITY

APPENDIX D (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Under Construction R	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %
EXECUTIVE COUNCIL	759 078	0	759 078	1 341 895	-582 817	
Council General	660 224		660 224	457 895	202 329	44.19%
Management Services	98 854		98 854	884 000	-785 146	-88.82%
FINANCE & ADMINISTRATION	2 469 580	6 762 426	9 232 007	12 864 817	-3 632 810	
Assessment Rates	-		0	0		
Corporate Services	943 463		943 463	2 139 000	-1 195 537	-55.89%
Budget and Treasury	136 490		136 490	719 039	-582 549	-81.02%
Meter Reading	2 028		2 028	1 000	1 028	102.79%
Stores						
Fixed Property			0		0	
Municipal Buildings	1 387 600	6 762 426	8 150 026	10 005 778	-1 855 752	-18.55%
ROAD TRANSPORT	5 280 764	0	5 280 764	13 907 432	-8 626 668	
Licencing	85 645		85 645	171 000	-85 355	-49.92%
Public Works administration	283 427		283 427	1 336 600	-1 053 173	-78.79%
Public Works	4 911 692		4 911 692	12 399 832	-7 488 140	-60.39%
COMMUNITY & SOCIAL SERVICES	805 051	0	805 051	1 154 500	-349 449	
Libraries	249 548		249 548	354 500	-104 952	-29.61%
Hostels	-		-			
Cemeteries	555 503		555 503	800 000	-244 497	-30.56%
PUBLIC SAFETY	0	0	0	438 000	-438 000	
Civil Protection						
Fire fighting						
Traffic Services	0			438 000	-438 000	-100.00%
SPORT & RECREATION	475 928		475 928	2 925 397	-2 449 469	
Parks	25 521		25 521	465 352	-439 831	-94.52%
Sport and recreation	450 407		450 407	2 460 045	-2 009 638	-81.69%
WASTE WATER MANAGEMENT						
Sewerage	650 570	0	650 570	5 754 000	-5 103 430	-88.69%
WASTE MANAGEMENT						
Cleansing	15 900		15 900	4 920 234	-4 904 334	-99.68%
WATER						
Water	2 814 258		2 814 258	13 516 158	-10 701 900	-79.18%
ELECTRICITY	1 183 181	5 670 359	6 853 540	9 835 323	-2 981 783	
Electricity distribution	1 183 181	5 670 359	6 853 540	9 835 323	-2 981 783	-30.32%
Street lighting	-		-			
TOTAL	14 454 310	12 432 785	26 887 095	66 657 756	-31 685 447	

MOOKGOPHONG LOCAL MUNICIPALITY

Explanations of significant variances greater than 5% versus budget
Under-budgeting Project rolled over.
Project rolled over. Waiting to move to the new building. Under-budgeting
Project rolled over.
Delays in project completion Project rolled over. Project rolled over.
Over-budgeted
Over-budgeted
Project rolled over.
Delays in supply chain processes Project Funding reprioritised.
Project Funding reprioritised.
Waiting transfer of property into Municipal name
Project Funding reprioritised.
Over budgeted as project was completed